UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

In re::

Docket #18cv10626

CHANEL, INC., : 1:18-cv-10626-VSB-GWG

Plaintiff, :

- against - :

THE REALREAL, INC., : New York, New York

February 24, 2023

Defendant.

TELEPHONIC

----: DISCOVERY HEARING

PROCEEDINGS BEFORE
THE HONORABLE GABRIEL W. GORENSTEIN,
UNITED STATES MAGISTRATE JUDGE

APPEARANCES:

For the Plaintiff: SHEPPARD MULLIN RICHTER & HAMPTON

BY: THEODORE CONRAD MAX, ESQ.

KHIRIN BUNKER, ESQ. TYLER E. BAKER, ESQ.

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Re- Re-Witness Direct Cross Direct Cross Court

None

EXHIBITS

Exhibit Voir Number Description ID In Dire

None

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1
                         PROCEEDINGS
2
            THE CLERK:
                         This is in the matter of Chanel,
   Inc. versus The RealReal, Inc., case number 18-cv-10626.
3
   Starting with plaintiff's counsel, please state your
4
5
   appearance for the record.
            MR. THEODORE C. MAX:
                                   Theodore C. Max from
6
7
   Sheppard Mullin for plaintiff, Chanel, Inc. And I'm
   here with Khirin Bunker and Tyler Baker.
8
9
            MS. LEIGH NATHANSON: This is Leigh Nathanson
10
   from King & Spaulding, for defendant, The RealReal.
11
   I'm here with my colleague, Julianne Duran.
12
            THE HONORABLE GABRIEL W. GORENSTEIN (THE
13
   COURT): Okay, welcome, everyone. We're being recorded;
14
   but any other further recording or dissemination or
15
   broadcast of this proceeding is prohibited.
16
            We're here based on the letters, 294 and 302.
17
   I'm going to deal primarily with the RFA Set Six issue
18
   and want to talk to you in detail about the RFA Set
19
   Seven issues. With respect to RFA Set Six, the case law
   is clear that a denial is a denial. I do not have --
20
21
   it's only in the rarest instances -- and this is not one
22
   of them -- that a Court should look beyond a denial.
23
   The remedy, if there is to be one, is in Rule 37, if
24
   something has to be proved that the Court later finds
25
   was encompassed by this request for admission. I'm not
```

1 PROCEEDINGS 2 going to start giving advisory opinions about how that's to come out. So that's just the end of that. 3 Now, with respect to Set Seven, I think that 4 5 there was a lot of confusion probably generated by me at the last conference as to how we were going to deal with 6 7 I ended up coming up with a definition of "genuine" that I thought was fair, that I think that 8 9 even TRR thought was fair. And I guess we now have to 10 deal with what that means in terms of these request for 11 admissions. I think we need to start this de novo and 12 just try to do this logically and see what needs to be 13 done. 14 So, with that in mind, I'm now going to turn to 15 the requests and figure out what the objection is and 16 what the problem is as to answering them. And I gather 17 that we should be thinking about these differently 18 depending upon whether these were items that were 19 actually sold and then returned or whether they were 20 items that were listed at one point and then got 21 delisted. I don't mind breaking it into those two 22 categories if TRR wants to discuss them separately. But 23 I want to have this as a discussion without regard to 24 the past. I'm certainly not going to award attorney's 25 fees to the plaintiff because, as I say, there was plain

```
1
                         PROCEEDINGS
2
   confusion about this. I just want to solve the problem
   and deal with it going forward and deal with whether we
3
   need to have new answers or whether the RFA that's
4
5
   raised now is for some reason objectionable.
            So I think we start with -- and I'm using
6
7
   Mr. Max's letter -- I'm on page four. I think we'd
   start with number two. And I note -- I can see how
8
9
   there may be some issues about timing, about when this
10
   process took place. Maybe there's some objection from
11
   TRR about the phrasing as it is now regardless of
12
   timing. So let me understand -- now that we have a
13
   definition of "genuine," tell me what the objection is
   to number two. And if you have to divide it into
14
15
   returned items and delisted items, that's fine with me.
16
            MS. NATHANSON: Good morning, your Honor. So I
17
   think the issue with number two -- at first I won't
18
   divide it into those categories; but then when I discuss
19
   our responses, I will. As to the request for admission
20
   itself, the def -- and I appreciate that we're starting
21
   de novo, but I just want to refer to the past to explain
22
   how we were thinking of this. The definition of
23
   "genuine" that we were using from the prior conference
24
   involved manufactured and sold by Chanel. And when The
25
   RealReal authenticates an item -- and we've discussed
```

1 PROCEEDINGS 2 this a couple of times -- it doesn't necessarily ask for proof of first sales. It takes as a conclusion that 3 follows from the determination that an item can be 4 authenticated; in other words, that there are not 5 questions raised for TRR as to its authenticity. It is 6 7 assumed that that item was manufactured and sold by I don't know exactly what Chanel is getting at 8 9 with that because Mr. Max has raised a few times this 10 concept of a shifting burden whereby The RealReal, in 11 his view -- and we disagree with this -- needs to show 12 some sort of proof of first sales. 13 So to avoid that issue, in other words, the 14 discrepancy between whether The RealReal was able to authenticate an item, meaning it believed there was not 15 16 a question as to its authenticity and felt comfortable 17 selling the item, we answered by saying that The 18 RealReal authenticated that item through its process. 19 And for items that were not -- that were removed, we 20 sort of sua sponte by The RealReal after listing, we 21 admitted that The RealReal removed the listing because 22 it was not ultimately able to do that authentication. 23 So I think the issue with the RFA as drafted is 24 that the definition of "genuine" that Chanel was using 25 based on our prior conference involves some sort of

```
1
                         PROCEEDINGS
2
   first-sale proof of purchase type of thing, and that's
   not what the authentication process necessarily asks
3
        In some cases, The RealReal has that information,
4
5
   but it is not a prerequisite for authentication.
                        All right, let me -- I'm trying to
6
            THE COURT:
7
   understand, because it seems to be the lynchpin of all
   this, what you're talking about when you say "for sale."
8
9
   Do you mean -- when I defined "genuine" as manufactured
10
   and sold, I meant, you know, Chanel manufactured it and
11
   sold it, you know, it came out Chanel's door. How does
12
   a product enter the market without being manufactured
13
   and sold? How does it -- is there some product that you
14
   call authentic that was not manufactured and sold by
15
   Chanel?
16
            MS. NATHANSON: I think Chanel is taking the
17
   position that there is.
18
            THE COURT: But I'm asking you.
19
                             Well, so, we have items, for
            MS. NATHANSON:
20
   example, that have come up in the context of this
21
   litigation that Chanel alleges were stolen. So they are
22
   authentic Chanel items in the sense that they were
23
   manufactured by Chanel, but they were stolen before they
24
   were sold either by a Chanel store or a Chanel
25
   authorized retailer.
```

```
1
                         PROCEEDINGS
2
            THE COURT:
                         Okay.
            MS. NATHANSON: In a case like that, that is
3
4
   something that The RealReal would not necessarily have
5
   any ability to know. And so we're trying to be very
   careful -- and I mean, I'll say, your Honor, we're not
6
7
   trying to be cute in using this language. But we've
   talked in this case about a number of different
8
   situations where the term "genuine, "authentic,"
9
10
   "manufactured and sold," etc., overlap in slightly
11
   different ways. So what we answered is what we wanted
12
   to be clear we were admitting.
13
            THE COURT: Okay. So let me ask you this. And
14
   I'm not saying Mr. Max is going to agree to it. It's
15
   genuine -- if we defined "genuine" to mean manufactured,
16
   would you be able to admit or deny the request as it is,
17
   if that's what "genuine" meant, just manufactured?
18
            MS. NATHANSON: Just number two --
19
            THE COURT: Yes.
20
            MS. NATHANSON: I think so.
21
            THE COURT: Okay. So, all right, well, this is
22
   really explaining what the problem is. So, Mr. Max, do
23
   you have a problem with "genuine" being defined as
24
   manufactured?
25
            MR. MAX: Yes, your Honor, because it does need
```

```
1
                         PROCEEDINGS
2
   to be sold. And part of the process is going through,
   you know, the quality control and the sales process at
3
   Chanel. So we do have --
4
5
            THE COURT: Okay. That's fine.
            MR. MAX: -- an issue with that.
 6
 7
                         That's fine. If you were to
            THE COURT:
8
   bring --
            MR. MAX: Pardon me, your Honor?
9
10
            THE COURT: -- the RFA -- the solution to all
11
   this is to just specify exactly what we want. So I'm
12
   not going to make you have your RFA's mean anything in
13
   particular that you don't want. But we are going to
   make it clear.
14
15
            Go ahead, you wanted to say something.
16
            MR. MAX: Yes, your Honor. In terms of the
17
   point about stolen items, to your knowledge, none of the
18
   items that are identified in the RFAs are stolen items.
19
   And on the meet-and-confer call that we had prior to
20
   writing the letters, we said if there are items that you
21
   think were stolen, you know, bring that to our
22
   attention, and we'll address that. So I think that may
23
   be a bit of a red herring unless there's new information
24
   that we're not aware of.
25
            You know, the other thing here is part of the
```

```
1
                         PROCEEDINGS
                                                    10
2
   reason at the last conference we came up with the
   definition was so that we could get these RFAs out there
3
   and get an answer to what is a simple question, that is,
4
5
   you know, did TRR authenticate an item as genuine.
   That's -- and the crux here -- and I think it's
6
7
   important to focus on it -- is that relates to the claim
   that TRR has made and counsel has shared, as well, that
8
9
   every item that is offered for sale by The RealReal is
10
   authenticated by one of their experts. And that's
11
   really where we're focusing on. And it either happened
12
   or it didn't happen. It's not a complicated RFA.
13
   there weren't objections to the wording of the RFA or
14
   the structure of the RFA or anything like that. So this
15
   seems like a shifting of positions a little bit.
            THE COURT: Well, I'm not doing the path any
16
17
            We're solving the problem now.
   longer.
18
            MR. MAX:
                     All right.
19
            THE COURT: I find this RFA to be ambiguous.
   And it needs to be re written. I'm not going to require
20
21
   them to answer it again the way it is now. So here's
22
   your choices. First, I think the word "authenticated,
23
   it's throwing us off, which sounds to me what you want
24
   to find out, what you want to have them admit or not is
25
   that TRR determined that item X was manufactured -- and
```

```
1
                         PROCEEDINGS
                                                    11
2
   I guess in your case, and sold, by Chanel. So if you
   want to ask that question, I don't think that's
3
   ambiguous. And you're welcome to ask it. And if you
4
5
   want to instead ask the question TRR determined that the
   item was manufactured by Chanel without using the word
6
7
   "sold," you're welcome to do that. But that, I think,
   precisely states a factual question that is deserving of
8
9
   an answer. But the way it's written now, there's just
10
   too much potential ambiguity.
11
            So first let me -- I'll just check with
12
   defendants that they're not going to have an ambiguity
13
   objection to either of the two things I just said. And
14
   then I'll talk to plaintiffs.
15
            MS. NATHANSON: No, I don't think we have an
16
   ambiguity objection. But the one point that I would
17
   make about "sold" is just that -- I mean, I think we
18
   could answer it. I think Chanel would have an issue
19
   with our answer along the lines of the fact that, you
20
   know, it is a legal question, I think, whether it is --
21
   or at least a hybrid legal-factual question -- whether
22
   it is appropriate to assume that an item was sold by
23
   Chanel when it appears to be -- and I'll use a very
24
   colloquial term now so we avoid the whole "genuine-
25
   authentic" -- but when it appears to be not a fake
```

```
1
                         PROCEEDINGS
                                                    12
2
   Chanel, there's an assumption that it was sold by Chanel
   because Chanel or its authorized retailers are the only
3
   retail -- that's the only way that you can buy a Chanel
4
5
   in the first-sale market.
 6
            THE COURT: I'm not sure what you're getting
7
   at. I want to make this --
            MS. NATHANSON: What I'm getting at is that
8
   Chanel --
9
10
            THE COURT: -- simple -- well, hold on, hold
11
   on, hold on. Let me finish. Let me finish.
12
            If you get an RFA that says at some point I
13
   think we need some time frame, or it can say at any
14
   time, TRR determined that item number X was manufactured
15
   by Chanel, whatever you just said now, that's not going
   to be objectionable, am I right?
16
17
            MS. NATHANSON: Yes.
18
            THE COURT: Okay, and if it says TRR determined
   that item was sold at one point by Chanel, are you going
19
20
   to have an objection to that?
21
            MS. NATHANSON: I do not think we will have an
22
   objection, but I suspect we might be back here based on
23
   what our answer will be.
24
            THE COURT: Well, your answer really should be
25
   "admit," "deny," or "we don't have enough information."
```

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1
                         PROCEEDINGS
                                                    13
2
   It's going to be something else?
            MS. NATHANSON:
 3
                             No.
            THE COURT: Okay. Because if the answer's
4
5
   "deny," I'm not going to be hearing from anybody --
   don't worry about that -- or "admit."
6
 7
            MS. NATHANSON: Okay. Okay.
            THE COURT: All right. Now, so Mr. Max, tell
8
9
   me what -- if you have any problem with what I just
10
   said.
11
            MR. MAX: Your Honor, can I suggest an
12
   alternative that I think Ms. Nathanson just, you know,
13
   sort of posed in her response to you? Maybe instead of
   not using "genuine" and not using "authentic," we use
14
15
   "not fake," because that was the word she used. And I'm
16
   looking at an article that's in "Haute Living," and it's
17
   an interview with the founder, Julie Wainwright. And in
18
   the article she talks about that, you know, they have
19
   people, brand authenticators, who know how to spot
20
   fakes. So maybe just say "not fake."
21
            What we're trying to do here is not to base it
22
   on what Chanel determines is authentic; it's really
23
   their authentic, you know, that TRR considered
24
   authentic. So if "not fake" works for Ms. Wainwright,
25
   the founder, and works for Ms. Nathanson, maybe we just
```

1 PROCEEDINGS 14 2 say "not fake." You know, it's colloquial, but it has a meaning. And then we don't have to get into whether it 3 was manufactured or sold or anything like that. I think 4 5 that may be simpler, your Honor, and may avoid the concern that Ms. Nathanson has that, you know, we'll be 6 7 back after they give answers. THE COURT: Ms. Nathanson? 8 9 MS. NATHANSON: I think that would be equally 10 objectionable. And I apologize for introducing it. But 11 there's a reason that I prefaced the phrase "not fake" 12 with, "I'm using this only colloquially in the context 13 of this conference." I think if the facts that they are 14 getting at is whether The RealReal -- I mean, Mr. Max 15 just said what we want to know is whether The RealReal 16 authenticated the item. We've already admitted that The 17 RealReal either authenticated or did not authenticate 18 the item. And now -- and Chanel did not find that to be 19 a sufficient answer. So I think if it wants something 20 more, if it wants "manufactured and/or sold," those are 21 facts that we can admit or deny or deny having 22 sufficient information. 23 But I think what Mr. Max seems to be getting at 24 and what has been problematic with these requests and 25 other requests for admission in the past is some

```
1
                         PROCEEDINGS
                                                    15
2
   admission of the legal question of whether an item was
   genuine, authentic, whatever you want the term to mean.
3
   And we've made clear that the factual term that we will
4
5
   admit is authenticated, we can admit or deny the
   manufactured and sold question. But I think introducing
6
7
   more terminology that has the same issue as "genuine" is
   not going to resolve this issue.
8
9
            THE COURT: Okay. I'm adhering to what I said
10
            And just for the record and for the big picture
   before.
11
   here, this -- requests for admission should be
12
   straightforward, factual; they're not a discovery
13
   device. You shouldn't have endless disputes about them.
14
   They're merely an effort to avoid having to prove some
15
   particular item at trial. Usually it's things like, you
16
   know, is this an accurate deposition transcript?
17
   this document the one that was produced by so-and-so?
18
   That's when they're most useful.
19
            So I'm prepared to allow very clear factual
20
   requests for admission that are easily understandable
21
   and are not vaque. But that's it. And there's too much
22
   dispute about authentic and genuine. So I've given my
23
   ruling on that. You can use the word "determined." You
24
   should specify whatever the time frame is. You can use
25
   a word, either manufactured, or you can use sold, but
```

```
1
                         PROCEEDINGS
                                                    16
2
   not genuine.
 3
             With that ruling, do we need to deal with
   perhaps number three or with any other subcategories of
4
   delisted or returned? I'll hear from either side on
5
   this.
6
7
            MR. MAX: Your Honor, with regard to number
   three, I think, given that we're going to rework the
8
   RFAs, I think, you know, it's better to leave that for
9
10
   another day, especially given what your Honor said about
11
   the past and so forth. But I'm happy to discuss it if
12
   Ms. Nathanson wants to discuss it. But I think it's
13
   better to leave that for another day.
14
             THE COURT: Well, when you say "leave it for
15
   another day," you're the one who made the application.
16
   So if you're not seeking --
17
            MR. MAX: That's correct, your Honor. And --
18
             THE COURT: If you're not seeking any -- I
19
   mean, if you're seeking further relief as to number
   three, the way it's written now, I think we need to deal
20
21
   with it now. If you're saying, "I'm no longer seeking
22
   relief" as to number three, than that's fine; we can end
23
   it.
24
            MR. MAX: Well, then, your Honor, with regard
25
   to number three, the point with regard to number three
```

```
1
                         PROCEEDINGS
                                                    17
2
   is we're talking about it's not a genuine Chanel item.
   So that's what I'm saying; it goes to the definition.
3
   And I think the other point related to that is that
4
5
   they, you know, they refuse to answer those. And I
   quess my point there was part of that was relate -- they
6
7
   were relying on what your Honor had said at the last
   conference. So that's why I was saying it's an issue
8
9
   that's still at play. But I was just trying to avoid
10
   going over it without the additional RFAs.
11
             I think with regard to that particular -- that
12
   point is that I think your Honor has pointed out
13
   previously, you know, they either have to admit, deny or
   they explain why they can't admit or deny. And I think
14
15
   that was something that these responses were lacking.
16
   You know, they didn't have that because of the prior
17
   statements that the Court made which they were relying
18
        So that's why I was saying if your Honor wants to
19
   rule on that, that's fine. But it seems to me that that
20
   -- you know, that given that the RFAs are going to be
21
   reworded, that that may be an issue for later. But I --
22
            THE COURT: Right. Okay. So if you're -- I
23
   just need to know whether I need to do anything on the
24
   current responses to number three. I think your answer
25
   is no. It sounds like you plan to reword number three
```

```
1
                         PROCEEDINGS
                                                    18
2
   with either "manufactured" or "sold" or both, and we'll
   see what you get as an answer. Did I understand you
3
4
   correctly?
5
            MR. MAX: Yeah. It may not be "manufactured"
   or "resold" [sic]; it might be a different word. As I
6
7
   said, your Honor, what we are trying to do is understand
   what they -- you know, they say they authenticate
8
9
   everything. That's what we're focusing on. That's what
10
   their advertisements are all about. We're not talking
11
   about Chanel's definition of authentication. And if
12
   they wave a magic wand over everything and that's their
13
   authentication, well, that would be an authentication.
14
   The point is not just whether something was
15
   authenticated; it's what that means. Because what they
16
   say in their advertisements is everything's real, we use
17
   "real price" in our name and so on and so forth.
18
            So I think this is a little bit of a semantic
19
   argument. And with regards to the First Sale doctrine,
20
   that's their burden, not our burden. And that's really
21
   -- as I said, I think that's a red herring. But we will
22
   rephrase the RFAs, and that would, I think necessarily
23
   impact the third RFA, as well.
24
            THE COURT: Okay. Let me just remind you of
25
   something, Mr. Max.
```

```
1
                         PROCEEDINGS
                                                    19
2
            MR. MAX:
                       Sure.
                        These are not contention
 3
            THE COURT:
4
   interrogatories. A lot of what you just said gleamed
5
         We're trying to figure out what their position is.
   That is not the purpose of a request for admission.
6
                                                          So
7
   please keep that in mind. Maybe there will be
   contention interrogatories at some point in this case,
8
9
   normally at the end of discovery. And then they'll
10
   figure out what their position is, and/or maybe they'll
11
   be objectionable -- I don't know. But you absolutely
12
   should not be using requests for admissions to figure
13
   out what their position is, whether it's consistent with
14
   provisions they've taken in the past with respect to
   what they do on their website. Whatever you rephrase,
15
16
   it has to be very clear and very fact-based. Okay?
                                                         Do
17
   you understand what I'm getting at, Mr. Max?
18
            MS. NATHANSON: Yes, your Honor. I do.
19
   I'm sorry for the misunderstanding. I was not saying
20
   that we were going to assert contention interrogatories
21
   or anything of the sort. What I was saying was at the
22
   last conference, the parties, with your Honor's
   assistance agreed on a definition. Ms. Nathanson was
23
24
   okay with that definition. And, you know, today for the
25
   first time, because in the meet-and-confer, she didn't
```

```
1
                         PROCEEDINGS
                                                    20
2
   say that, but today for the first time she said, "Well,
   that definition wasn't a good definition.
3
            So I'm a little surprised by that. And; if she
4
5
   wants to, while we're on the phone with the Court, say,
   "What we mean by authenticate is X," I'm happy to listen
6
7
   to that, and we can include that as the definition for
   authenticate or -- if she wants to do it for what is
8
9
   genuine, I'm happy to include that. We follow the
10
   definition that the Court and TRR had agreed upon. So
11
   we're not trying to be contentious here; we're just
12
   trying to take what your Honor has said and follow that
   -- that's what we did last time. And we'll do it this
13
14
   time, as well.
15
            And if Ms. Nathanson wants to share what The
16
   RealReal considers is genuine, I thought she said "not
17
   fake," so that's why I suggested that. Bur if she has a
   better way of saying it -- I mean, the plain meaning of
18
   "genuine" and the plain meaning of "not fake," it's
19
20
   pretty plain. We're not trying to complicate this.
                                                          Ιt
21
   seems like it's getting complicated because
22
   Ms. Nathanson's reading things into what are plain
23
   words. But we just want to ask the RFA and get an admit
24
   or deny.
25
            THE COURT: Good. I regret that we had
```

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1
                         PROCEEDINGS
                                                    21
2
   confusion based on the last conference. I should have
   realized that the word "authenticate" in itself was
3
   creating problems and ambiguities and was becoming in
4
5
   the nature of a contention interrogatory rather than
   request for admission. We're going to take
6
7
   authenticated out of the request for admission process.
   We're going to take "genuine" out. We're going to use a
8
9
   word like "determined" instead of "authenticated," and
10
   we're going to state specifically manufactured, sold, or
11
   if there' some other factual thing, you're welcome to
12
   include that. They probably should be broken up.
13
   again, just confine it to the factual requests.
14
            MR. MAX: Your Honor --
15
            THE COURT: Yes.
16
            MR. MAX:
                       If I may? On the word
17
   "authenticated," I understand -- I understand the issue
18
   with "genuine," but with regard to authenticated, in the
19
   documents that they've produced, "authenticated" is used
20
   as a sort of, a point in time, before an item is
21
   photographed and put up for advertising and sale. And
22
   so I think "authenticated" is a term that they use
23
   repeatedly in their documents. And, you know, they also
24
   use it in the advertising copy. So I don't think that
25
   word is ambiguous.
```

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1
                         PROCEEDINGS
                                                    22
2
            And I think it's important because in
   Ms. Nathanson's letter she seemed to suggest at the end
3
   that, you know, authentication -- in footnote two, that
4
5
   the authentication process is an ongoing item. That's
   not what they advertised, that's not what the documents
6
7
   reflect. So I think -- and she said on the phone that
   she's willing to say whether or not something was
8
9
   authenticated or not. I think that RFA is clear, and
10
   it's purely factual. It's not subject to
11
   interpretation, and they have documents that indicate
12
   that somebody authenticated something.
13
            THE COURT: No.
14
            MR. MAX: So I would just --
15
            THE COURT: No, no, no, no. I don't think
16
   you understood my ruling.
17
            MR. MAX: Okay, maybe I didn't.
18
            THE COURT: (indiscernible) is absolutely not
19
   clear. It doesn't matter whether they used it.
   doesn't make it clear or not or factual or not.
20
21
   could, I suppose, theoretically -- and I don't know if
22
   this is of any interest -- you could say, "Did item X go
23
   through," whatever the authentication process is, or the
24
   process that TRR calls the authentication process. I'm
25
   just speaking off the top of my head. That might be
```

```
1
                         PROCEEDINGS
                                                    23
2
   possible, but not to have a request for admission that
   said TRR authenticated something as manufactured or not
3
   fake or genuine, and so forth. There's too much
4
   ambiguity there. The word "determined" is very clear.
5
   It means TRR made a decision that something was or was
6
7
   not manufactured. If you start adding the
   authentication process in, it just muddies the waters.
8
9
   We have to be as narrow as possible in these.
10
            MR. MAX: Your Honor, can I tie it to the
11
   advertising copy which says, "All authenticated buyer
12
   experts," that's repeatedly in their advertising, it's
13
   on their website, all over the place.
14
            THE COURT: You can -- you can --
15
            MR. MAX: Can I say the only retail company --
            THE COURT: -- I would have thought there --
16
17
   hold on, hold on, hold on.
            I would have thought there'd be discovery on
18
19
   what this authentication process is. And it's not going
20
   to be determined through a request for admission.
21
   you want to try an interrogatory about the
22
   authentication process by itself and say, "Admit that
23
   the authentication process consists of X." Or, if you
24
   want to have an integral -- you could try that. I would
25
   think, you know, that's not the kind of thing you should
```

```
1
                         PROCEEDINGS
                                                    24
2
   do -- I just used the word "interrogatory," which shows
   what the problem is here. If you think it's all been
3
   determined and it wouldn't be a big waste of time, you
4
5
   could say, "Admit that your authentication process
   consists of X." You could say, "Admit that Item X went
6
7
   through TRR's authentication process, "period. But I
   don't want to start combining the authentication with
8
   notions of genuineness, manufactured or sold.
9
10
            MR. MAX: Your Honor, that's not what I was
11
   suggesting. What I was saying was they make advertising
12
   claims that they are the only resale company in the
13
   world that authenticates every single item sold. And I
   would like to just, with regards to the items at issue,
14
15
   ask whether they were authenticated by The RealReal.
16
   Because that goes directly -- if they weren't, then
17
   that's --
18
            THE COURT: Okay, now, stop. That's -- I think
19
   I said you could do that. I think you --
20
            MR. MAX: Okay.
21
            THE COURT: -- could say, "Did Item X go
22
   through TRR's authentication process?" Isn't that what
23
   you want to ask?
24
                      Well, I think it's -- it hasn't been
            MR. MAX:
25
   admitted. But that's beside the point. Your Honor, I -
```

```
1
                         PROCEEDINGS
                                                    25
2
            MS. NATHANSON: Your Honor --
 3
            THE COURT: Hold on. I want Mr. Max to answer
4
5
   my question. Is that what you want to asks?
            MR. MAX: Your Honor, what I'm trying to ask is
6
7
   whether that -- whether that statement is true with
   respect to each of these items. That's what I'm saying.
8
9
            THE COURT: Okay. So you would like to
10
   propound an RFA that said, "Did Item X go through TRR's
11
   authentication process?" Have I phrased it correctly?
12
            MR. MAX: Well, but your Honor, my concern with
13
   that is every -- if every item goes through the process,
14
   and let's say the item goes through the process and is
15
   rejected, but it's still put up. The RFA would say
   that it went through the process. But what the
16
17
   advertising statement is that they authenticate
18
   everything that's -- so it suggests, because the word
19
   "authentic" means genuine -- it's a synonym -- so what
20
   they're saying is that every item is genuine because it
21
   goes through the process. So, Judge, going through the
22
   process doesn't get to that point. And --
23
            THE COURT: I don't know what -- I don't know
24
   what to tell you. I've told you what you can do with
25
   the one I have in front of me. I guess I'm willing to
```

```
1
                         PROCEEDINGS
                                                    26
2
   try giving an advisory opinion as to some other RFA.
   just came up with one, but you don't seem interested in
3
   it. But you haven't said precisely what you -- and I
4
5
   don't expect you to -- but you're sort of -- it seemed
   to me that you wanted to ask me some questions. If you
6
7
   want to ask me about a specific wording of an RFA that
   you want, and I'll tell you whether it fits in with my
8
9
   ruling today. I'm happy to try it. Do you want a
10
   minute to collect your thoughts? I'm happy to give you
11
   a minute. If you want to just think about it on your
12
   own and issue an RFA and see what they say about it,
13
   that's fine, too. I'm even willing to shorten the time
14
   period for any objection so we move this along. It's
15
   been two weeks. As long as it's within this, you know,
16
   topic area. But that's all I can do for you right now.
17
            MR. MAX:
                      Your Honor, would it be possible to
18
   tie the RFA to the advertising statement, say with
19
   regard to item blank, is the statement that TRR is the
20
   only resale company in the world that authenticates
21
   every single item sold is accurate?
22
            THE COURT: I don't understand the RFA, so I'm
23
   sure they're going to have an objection to it. With
24
   regard -- the one thing to say --
25
            MR. MAX:
                      They make a statement that they
```

```
1
                         PROCEEDINGS
                                                    27
2
   authenticate --
 3
             THE COURT: No, I -- I understand that. And
   it's one thing if you said is TRR the only company in
4
5
   the world that authenticates every single item sold, if
   you want to do that on the theory that they did it, try
6
7
        I don't think I want to rule on that right now.
            But now you're tying it to specific items. And
8
9
   I already said once we start using the word
10
   "authenticate" on specific items, I don't -- there's
11
   ambiguity, and that's not what RFAs are for.
12
            MR. MAX: What is the ambiguity, your Honor --
13
             THE COURT: No, I'm not -- I'm not going over
14
   this again.
15
            MR. MAX: -- that you're concerned -- well, I'm
16
   just trying to understand so I can draft these. All
17
   right.
18
             THE COURT: The word "authenticated" is
19
   ambiquous.
20
            Mr. Max, I've had enough of this.
21
            MR. MAX:
                      Okay.
22
            THE COURT: I believe I've given you my
23
   rulings. You now have, I believe, a much clearer idea
24
   about what you can do with an RFA, and I don't think
25
   there's anything more for us to do today.
```

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1
                           PROCEEDINGS
                                                       28
             Anything from the defendant side?
 2
             MS. NATHANSON: No, your Honor.
 3
             THE COURT: Okay. Thank you, everyone. Good-
 4
 5
   bye.
 6
             (Whereupon the matter is adjourned.)
 7
 8
 9
10
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 2
 3
                       C \ E \ R \ T \ I \ F \ I \ C \ A \ T \ E
 4
 5
             I, Carole Ludwig, certify that the foregoing
 6
    transcript of proceedings in the United States District
 7
    Court, Southern District of New York, Chanel, Inc.
    versus The RealReal, Inc., docket #18cv10626, was
8
 9
   prepared using PC-based transcription software and is a
10
    true and accurate record of the proceedings.
11
12
13
14
   Signature Carole Ludwig
15
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    Date: February 27, 2023
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